revenue surplus of Rs. 24·32 lakhs is proposed to be ear-marked for transfer to the Revenue Reserve Fund which has already got Rs. 8·9 lakhs at its credit. This reserve, as honourable members are aware, was constituted in 1112 to be drawn upon, if necessary, in lean years, when the revenue is not sufficient to meet the expenditure or when it is necessary to provide for any unforeseen contingencies or sudden changes in the tide of affairs which the Government may be called upon to face. In view of the uncertain conditions of the present international position and their possible repercussions on our future finances the necessity to draw upon this Reserve may arise at any time. The prices of our produce *viz.*, copra, ginger, pepper, rubber tea and cardamom which stand at a very high level now may again fluctuate and fall, as prices fell down on the termination of the last war. It is therefore highly essential that we conserve special surpluses as a protection againt future depression when Government may have to forego revenue or incur large expenditure to relieve distress.

15. On the Capital side, the Revised Estimates of expenditure for the current year have been fixed at Rs 37·06 lakhs which is less than the budget anticipations by Rs 7·13 lakhs. This variation is the net result of increase of expenditure expected under some of the items, Ceramic Factory (0·59), Transport Scheme (0·27), etc., set off by decrease of expenditure under other items mainly due to the obstacles to the work consequent on the lack of shipping facilities for getting down from abroad the required materials and machinery. The decreases are mostly under Water Supply (0·86), Drainage (0·52), Pallivasal Hydro-Electric Scheme (2·31), Broadcasting (0·5), Telephone (0·25) and University Buildings (0·96).

Budget Estimates for 1118.

16. With these general observations on the Revised Estimates for the current year, I shall now pass on to the Budget Estimates for the ensuing year. As usual, the Budget for the next year has been framed on the assumption that conditions will continue to be more or less what they are now, due account being also taken of such changes as could be possibly foreseen. But although we are justified in budgeting for a revenue approximating to 3 crores, I have deliberately adopted a moderate scale so that we may be prepared for all contingencies and unexpected variations. The estimates so framed have been prepared on the expectation of a total revenue of Rs 290·22 lakhs and the programme of expenditure chargeable to the year's income has been fixed at Rs 285·13 lakhs, leaving a surplus of Rs 5·09 lakhs, especially in view of the not improbable fall in some of the chief items of revenue mainly customs, as a result of the constantly changing war situation.

17. Our share of the customs revenue from the Cochin Harbour is fixed at Rs 2 lakhs less than the current year's receipts. But it is not unlikely that the revenue budgeted for may not be realised in the

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[Mr. A. Lekshminarayana Aiyar.]

present unsettled condition of our foreign trade. With a view to make up the deficiency, if any, in the revenue anticipations, without increasing the burden of taxation on the poor, it is proposed to increase the cess on rubber from B. Re 1 to B. Re 1-8-0 per cwt. from 1-1-1118. This industry has, of late, begun to pass through a period of notable prosperity and the probabilities are that owing to the world shortage of the commodity rubber producers are not likely to experience any losses in the immediate future. It is only fair moreover that the capitalist who enjoys the full benefits of the increase in the price of rubber should contribute a quota for the alleviation of the distressed. The increase in cess is expected to bring in an additional revenue of about Rs. 2 lakhs.

18. Another source from which the revenue could be increased in case of absolute necessity is the imposition of an export duty on timber. Formerly, timber of all kinds exported from the State was subjected to duty. But as the stock of timber was heavy and as there was only a very poor demand therefor within and out side the State, the export duty on timber was abolished in 1087 with a view to dispose of the large stock of timber and enhance the revenue. At present, there is a large demand for our timber from outside the State and Government are considering whether a duty may not be levied on the timber exported from the State if, during the next year itself, further developments in the present situation necessitate such a course.

19. The revenue anticipated for the incoming year is Rs 11·19 lakhs less than the revised estimate for the current year. This difference is the net results of lower estimates under almost all the principal items of revenue heads, off-set by increase anticipated under the commercial services. The fall in revenue is marked under Customs (2·72), Excise (0·77), Forest (1·56), Taxes on income (1·00), Currency and Mint (7·86) and Buildings communications and Miscellaneous Public Improvements (3·4), while increase of revenue are conspicuous under Electric Schemes (5·7), Water Supply and Drainage Schemes (0·85), State Transport Scheme (0·98) and Clay Refining and Porcelain Factory (0·5). Under Customs, the receipts from the Port of Cochin for the next year have been fixed at a lower figure than in the revised estimates for the current year for the reason that shipping difficulties may possibly increase. The estimates under the other items have also been fixed on a conservative basis. The compensating increase under Land customs this year cannot be entirely relied upon for the next year, as that may be only in the nature of a temporary phenomenon. Less consumption of tobacco, opium and ganja accounts for the lower revenue anticipated for the next year under Excise. The decrease expected under Forest revenue is due to the probability of the demand for our forest timber becoming less. Under taxes on Income, the fall in revenue is anticipated under Super-tax, in fixing the estimates for

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which due margin has been allowed for the effects of war on large scale trade and big industries. The receipts in the current year under Currency and Mint are special, due to fresh coinage of silver and no receipts are therefore expected next year. The decrease of revenue anticipated under Buildings, Communications and Miscellaneous Public Improvements is mostly under Tolls on roads and bridges mainly due to limited motor traffic on account of the rationing of petrol. On the other side, the betterment of revenue expected under Electrical schemes is accounted for by the fact that the Aluminium Factory which is expected to start work soon and the Government of Cochin will both come in for their full load of energy early next year. Under Water Supply and Drainage schemes, the anticipated increase represents the increased contribution payable by the Municipal Corporation of Trivandrum. The expected increase of net-receipts from the State Transport Scheme is mainly the result of the reduction in operating expenses. A slight increase of revenue is also anticipated from the Clay Refining and Porcelain Factory due to expectations of larger production.

20. Turning to the expenditure side, the programme of expenditure during the next year covers a budget provision of Rs. 285·13 lakhs, which is Rs. 8·04 lakhs in excess of the Revised Estimates for the current year. This small increase, honourable members will readily concede, is invitable in order to maintain the steady development of a progressive administration and is also due to the increase in prices all round. The programme of expenditure for the various departments has been carefully scrutinised by the Government as well as the Standing Finance Committee of the Legislature and in fixing the allotments the essential requirements of an efficient administration on the one hand and on the other, the need for the due exercise of economy especially at the present time, have both been kept in view, side by side. I shall now proceed to make a brief survey of the more important aspects of the next year's programme of expenditure.

21. *Forests.* The Department is proposed to be reorganised with a view to tapping new sources of revenue and to effect economy in the present administration without prejudicially affecting efficiency. A territorial redistribution of jurisdiction aiming at the reduction of the existing number of Forest divisions is also in contemplation. This accounts for the small reduction in next year's expenditure on this department, as compared with the Revised Estimates of expenditure for the current year.

22. *Public Service Department.* The Public Service Department, which was organised in 1110 had been functioning all these years only on a temporary basis. The work of the department having been carefully reviewed, the Government are satisfied of the continued usefulness of the department and it is therefore proposed to make the department permanent from 1st Chingom 1118.

23. *Education.* As usual, a liberal provision has been made for expenditure on Education. While on the Education budget, I may

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